

Message Text

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45

ACTION ARA-17

INFO OCT-01 EUR-25 ADP-00 AID-20 EB-11 NSC-10 RSC-01

CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 CIAE-00

COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12 LAB-06

SIL-01 L-03 H-02 IGA-02 TAR-02 AGR-20 RSR-01 /181 W
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R 071957 Z MAY 73

FM AMEMBASSY SANTIAGO

TO SECSTATE WASHDC 4238

INFO AMEMBASSY PARIS

C O N F I D E N T I A L SANTIAGO 1966

EO 11652: GDS

TAGS: ECON, EFIN, IMF, CI

SUBJ: IMF' S ARTICLE XIV CONSULTATIONS WITH CHILE

1. EMBOFFS MET MAY WITH JACQUES BARNOVIN, HEAD VISITING IMF DELEGATION, AND STAFF MEMBER BRAU (WEST GERMANY). FOLLOWING ARE BARNOVIC' S COMMENTS:

A. MISSION IS CONDUCTING ANNUAL ARTICLE XIV CONSULTATIONS. GOC IS COOPERATING FULLY. MISSION EXPECTES TO COMPLETE VISIT AROUND WEEKEND OF MAY 12 AND TO FINISH WRITTEN REPORT 6-7 WEEKS AFTER RETURN TO WASHINGTON. (IBRD REP MAY STAY ON LONGER TRYING TO COMPILE ACCURATE GOC DEBT FIGURES.) IF PARIS CLUB WISHES IMF REPORT BEFORE IT MEETS AGAIN, NEXT PARIS CLUB SESSION CANNOT BE BEFORE EARLY JULY. IF MEETING NOT HELD IN JULY, SEPTEMBER OR OCTOBER WOULD BE NEXT FEASIBLE DATES SINCE EUROPEANS WILL BE ON VACATION DURING AUGUST. WHENEVER MEETING OCCURS GOC PLANS STICK WITH ITS PROPOSAL FOR RESCHEDULING 95 PERCENT PRINCIPAL AND INTEREST FOR CY 73 AND 74.

B. DETERIORATION OF ECONOMY HAS ACCELERATED SINCE IMF MISSION VISIT HERE LAST AUGUST. IMPORT BOTTLEMECK WILL CAUSE DECLINE IN REAL LEVEL OF 1973 IMPORTS AS COMPARED WITH 1972 EVEN

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THOUGH AMOUNT IN CURRENT PRICES MAY REMAIN NEARLY THE SAME.

SMALLER IMPORTS OF INDUSTRIAL RAW MATERIALS WILL BRING 1973 DECLINE
IN INDUSTRIAL E OF CCP.

3. WHAT REMAINS OF CCP IS ONLY ITS NAME. MAOISTS RELY ON
ITS PRESTIGE BY MISUSING BOTH LABEL AND MARXIST- LENINIST
TERMINOLOGY FOR DEMAGOGIC ENDS, ALTHOUGH " IN REALITY THE
MAOISTS HAVE NOTHING IN COMMON WITH COMMUNISTS."

4. COMMENT. ALTHOUGH IT IS PRESENTED AS CZECHOSLOVAK VIEW,
PRAVDA' S PUBLICATION OF CHARGE THAT CCP IS COMMUNIST IN NAME
ONLY IS HARsher JUDGEMENT THAN EARLIER SOVIET VIEWS THAT
" GREAT MASS OF COMMUNISTS IN CHINA STAND ON SOCIALIST
POSITIONS," AND THAT SOME HEALTHY ELEMENTS STILL REMAIN IN CCP.
THERE IS CERTAIN IRONY IN SEEING CHARGE WITH ITS
BREZHNEV DOCTRINE OVERTONES, ORIGINATE FROM CZECHOSLOVAKIA.
DUBS

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*** Current Classification *** CONFIDENTIAL

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